

EQUAL PAY
— FOR —
EQUAL WORK
MONTANA TASK FORCE

Understanding the Gender Pay Gap

Presented by
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Montana Department of Labor & Industry

The Basic Gender Pay Gap

U.S. women earn **71.1%** of the usual median earnings of men

71.1¢
on every dollar



Understanding The Wage Gap

Nationally,
Women earn 71.1% of men.

In Montana,
Women earn 68% of men.

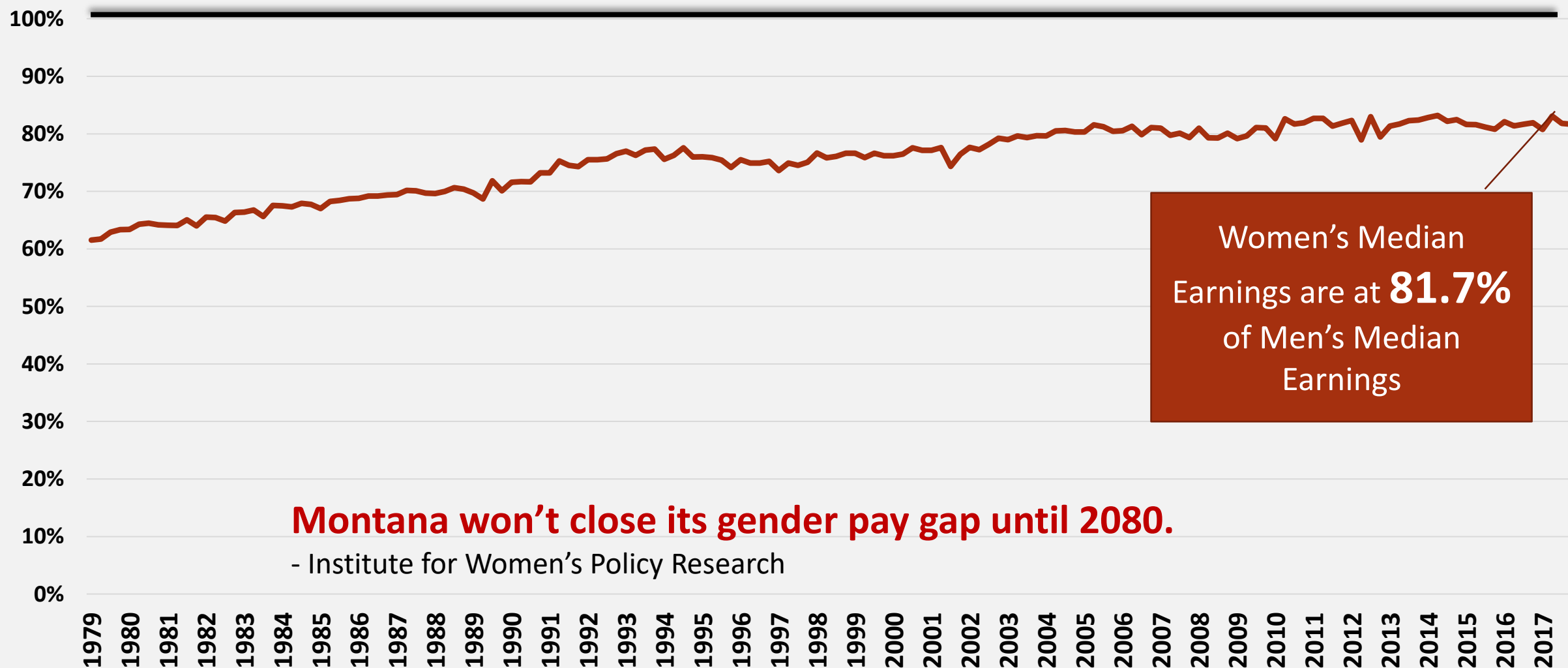
$$\text{Raw Gap} = \frac{\text{median earnings of women}}{\text{median earnings of men}}$$



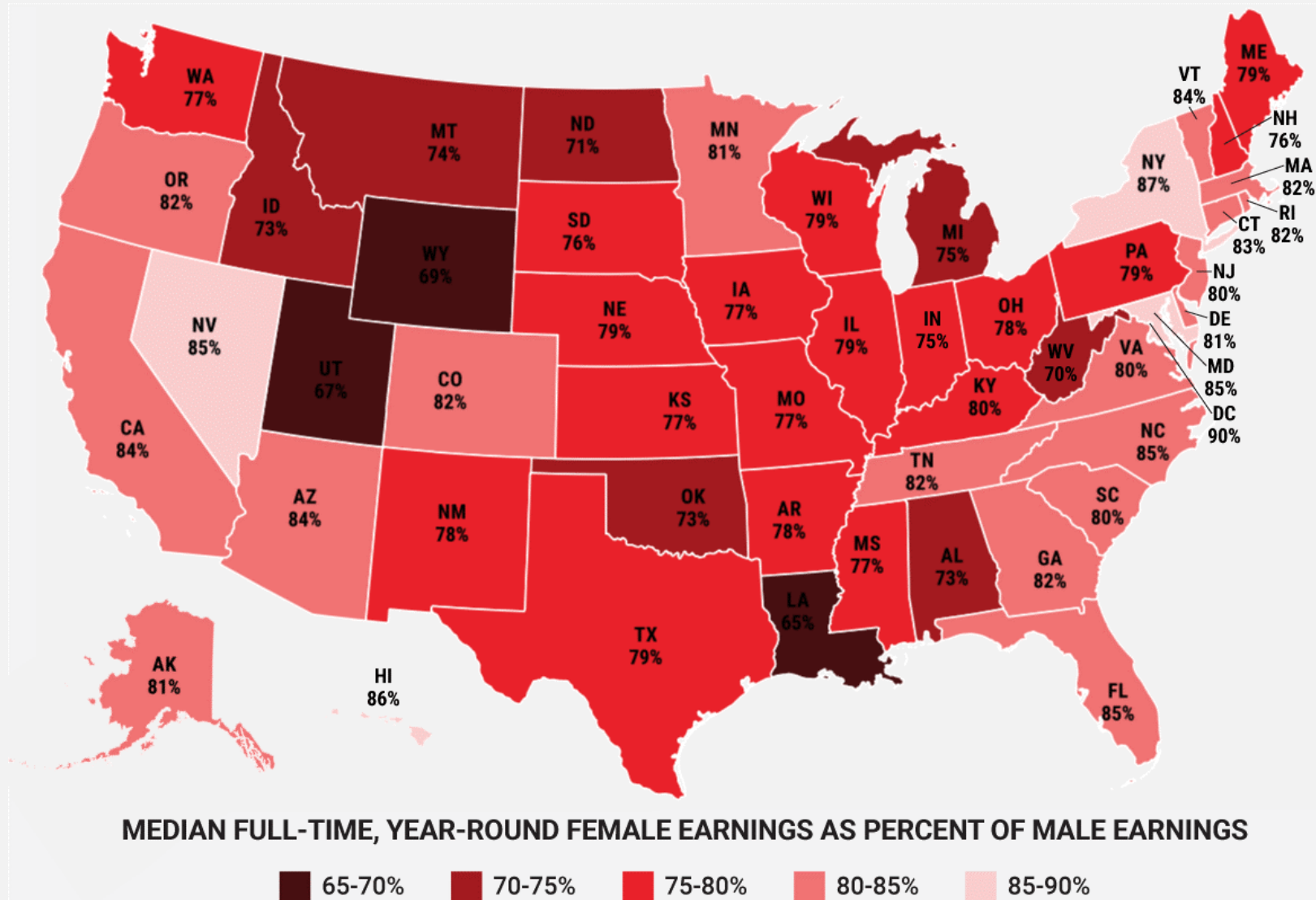
*Data Source: American
Community Survey, 5-
Year Estimates*

(2016 used Here)

Women's Weekly Earnings as a Percent of Men's Among U.S. Full-Time Workers

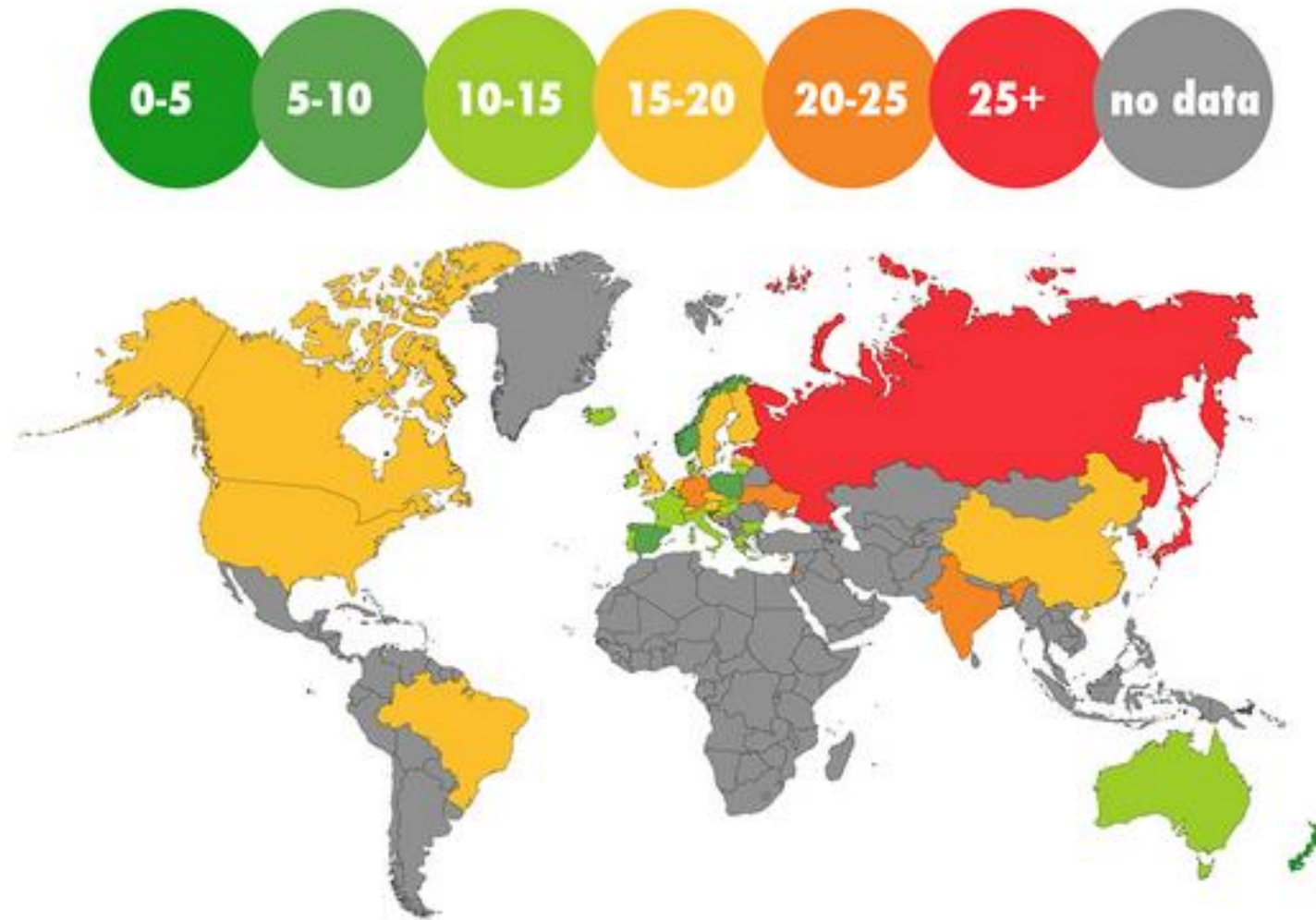


Wage Gap Across States



Source: Map by Business Insider illustrates 2014 American Community Survey 1-Year Estimates.

Gender Pay Gap Among Countries



What Causes the Wage Gap?

- It's not just discrimination
 - Occupation choice
 - Industry choice
 - Education
 - Experience
 - Part-time work/ flexible scheduling
 - Time out of workforce for family care
 - Union status
- Other factors that influence the size of the wage gap
 - Race -- Other factors
 - Age -- Behavior (i.e. asking for raises)

**These factors
may be
influenced by
discrimination.**

The Basic Gender Pay Gap

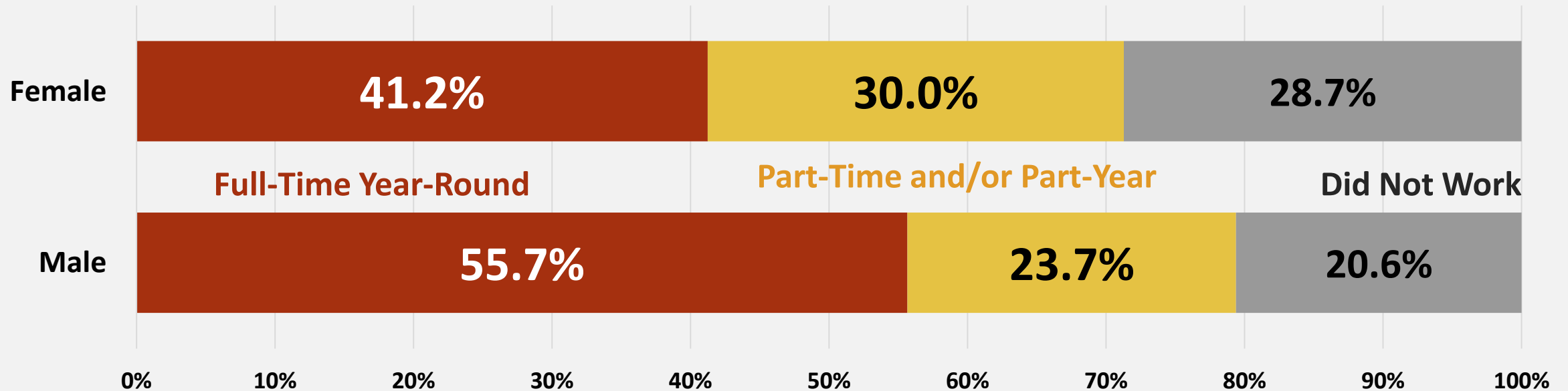
U.S. women earn **71.1%** of the usual median earnings of men

71.1¢
on every dollar



Women Work Fewer Hours Than Men

- to care for families
- for other reasons
- because they get paid less.



Full-Time, Year-Round Workers

U.S. women earn **79.6%** of the
usual median earnings of men
Including only Full-time, Year-round workers

Differences in
Work Hours
Explain about 8¢



Differences in Work
Hours

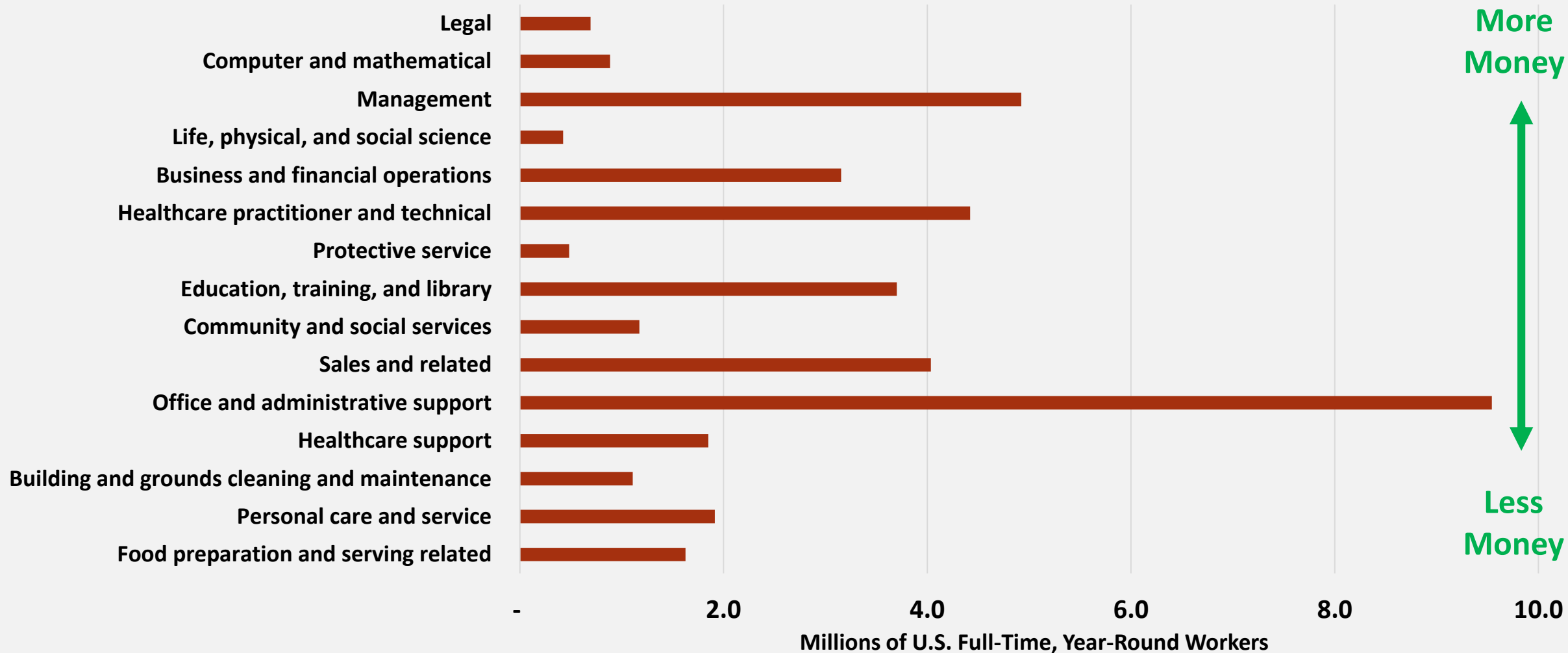
Full-Time, Year-Round Workers

Montana FTYR women earn **73.6%** of the usual median earnings of FTYR men

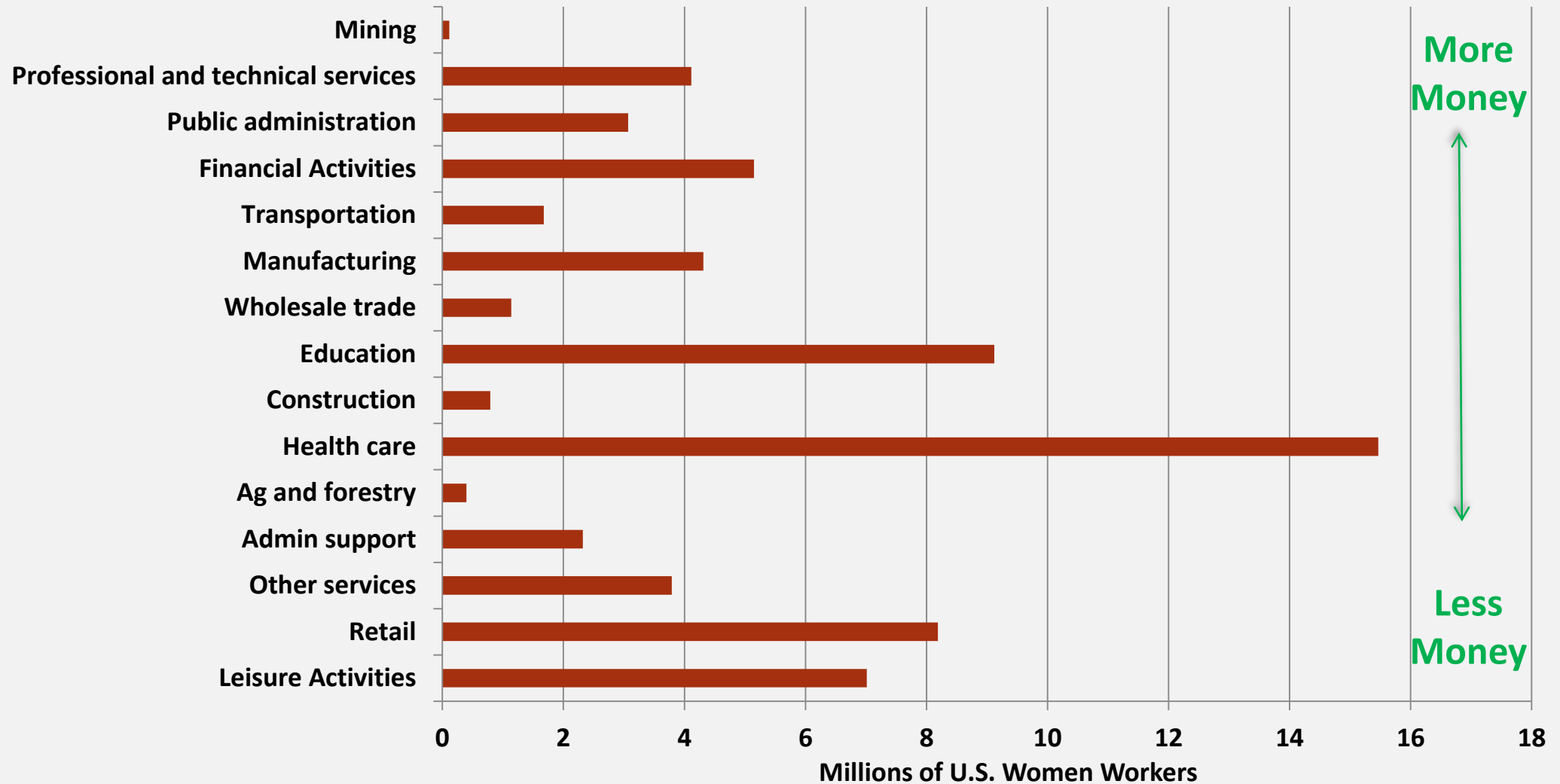
Differences in Work Hours Explain about 5¢ in Montana



Women Tend to Work in Lower Paying Occupations



U.S. Industries Where Women Work



Occupational and Industry Choice Explain about Half the Gap

Women Work in Low-Paying Occupations and Industries



Occupational and Industry Choice Explain about Half the Gap

- Increase women's participation in STEM fields.
 - U.S. women comprise only
 - 15.4% of engineering occupations at \$83,000
 - 25.6% of computer and math occupations at \$86,170



Recent Studies on Women in STEM Occupations

Women Leaving Engineering

Women exit science and engineering jobs more than any other type of job.

- Not due to family constraints.
- Dissatisfaction with pay and promotion opportunities.
- More likely to report sexual harassment.

Hunt, Natural Bureau of Economic Research, WP 15853, 2010

Women and Patents

- 7.5% of all patents
- Eliminating the gender gap in patenting would increase GDP per capita by **2.7%**

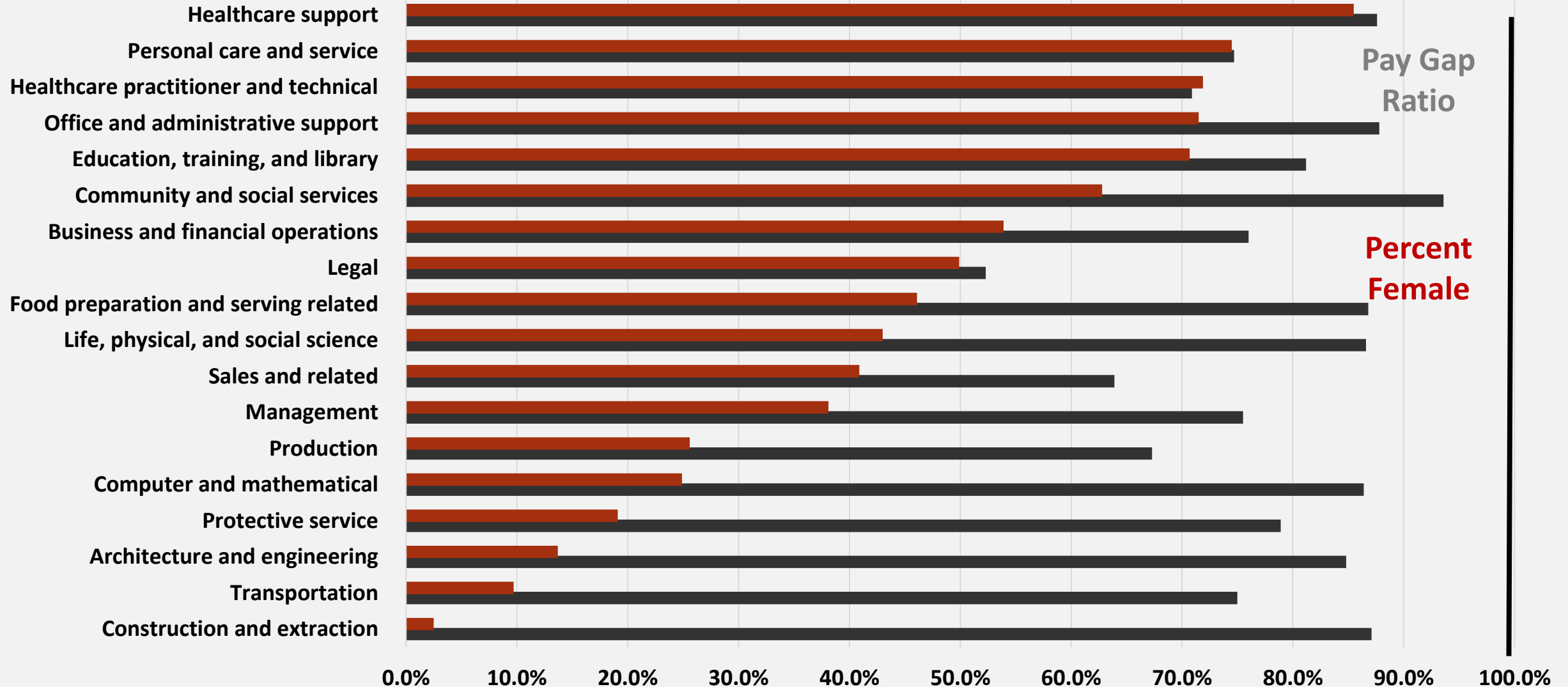
Hunt et al, Natural Bureau of Economic Research, WP 17888, 2012.

Occupational and Industry Choice

Occupations and industry differences explain roughly half of the wage difference between men and women.

But is it a choice?

Gender Pay Gap Exists in all Occupations



Source: ACS, 2016 5-Year Estimates. Some small occupations removed for simplicity.

The Glass Ceiling Effect

“Estimating Gender Differences in Access to Jobs”, *Journal of Labor Economics*, 2015



Study sorted job applicants into groups of

similarly qualified

applicants then tracked them in
their job search

Half Men

Half Women

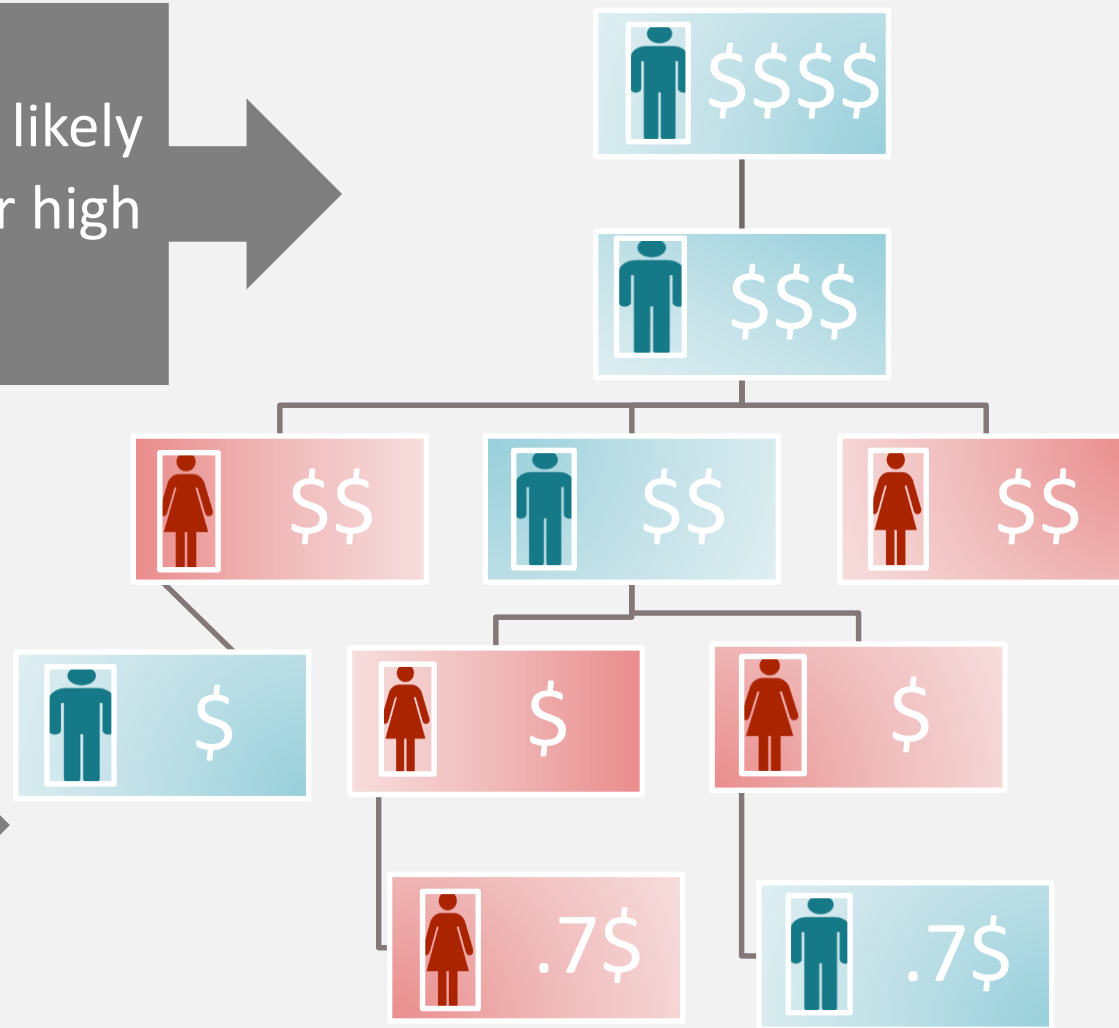
All Considered
Equally Qualified

Education, Years Experience
Quality of Experience
Past Jobs

The Glass Ceiling Effect

Women were **50%** less likely to get a job than men for high wage jobs.

Women were 9% less likely to get a job than men for low-wage jobs.



Occupational and Industry Choice Explain about Half the Gap

Discrimination?
Or Not?



47% of Workforce is Women



25% of Executive Managers of Fortune 500 Companies

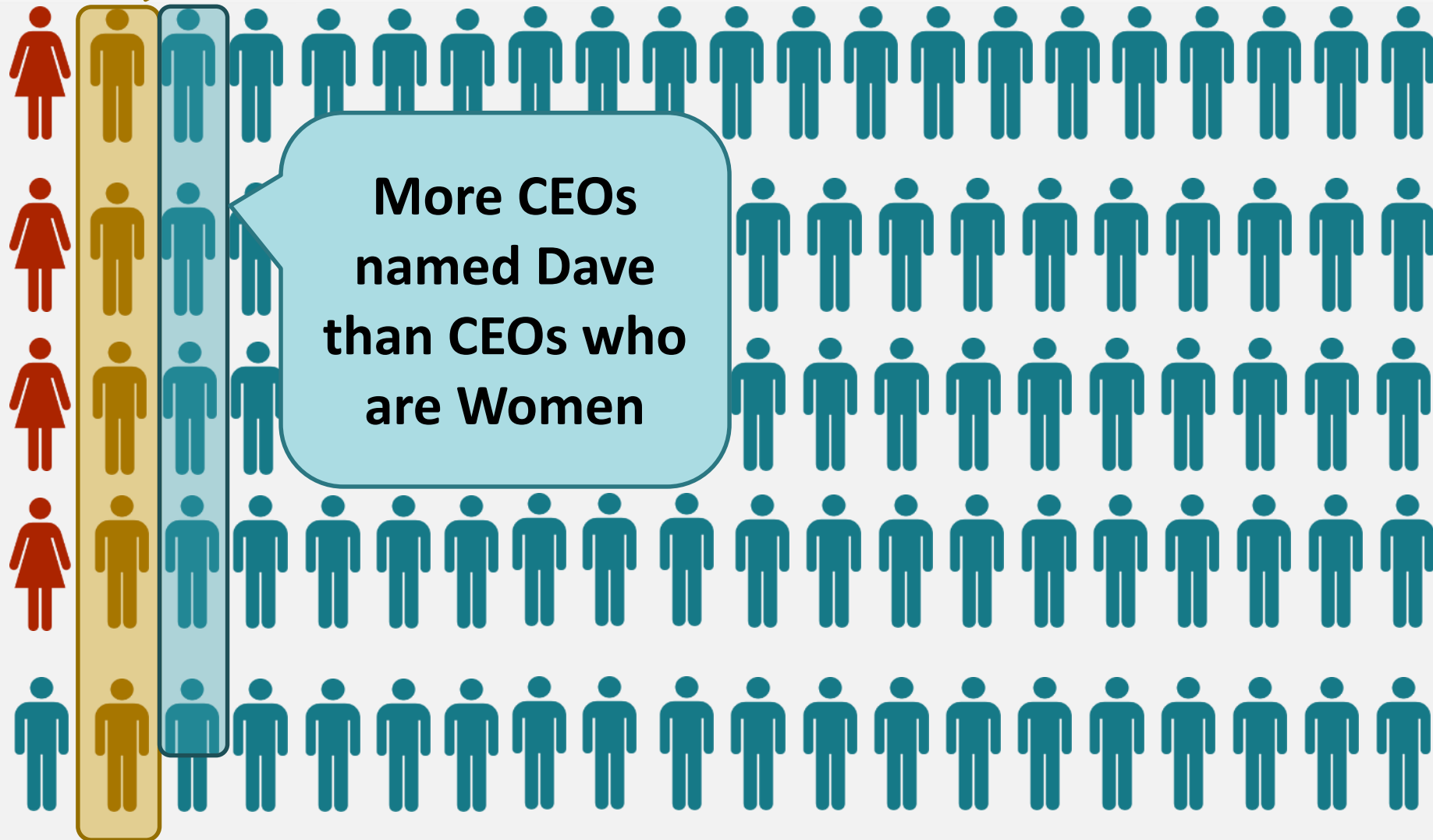


4% of CEOs of Fortune 500 Companies



CEOs named
John

of CEOs of Fortune 500 Companies

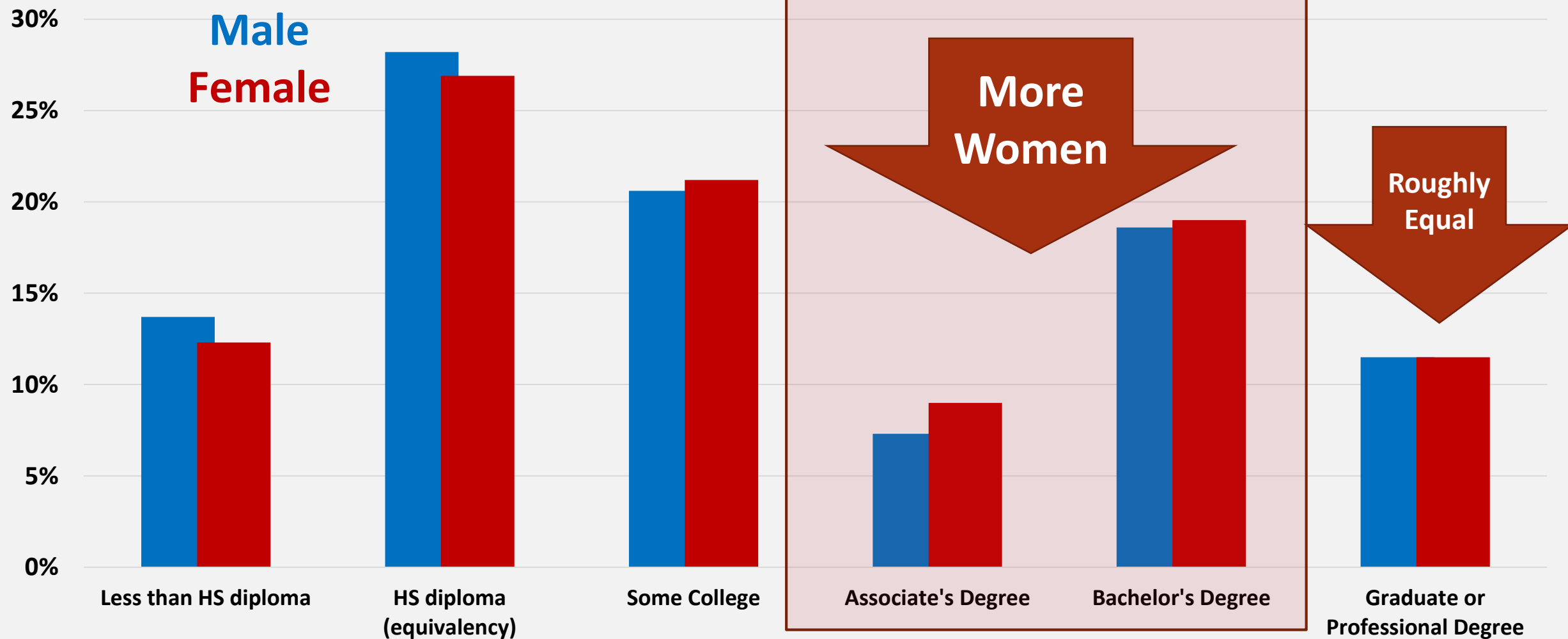


Factors Influencing Pay and the Gender Gap

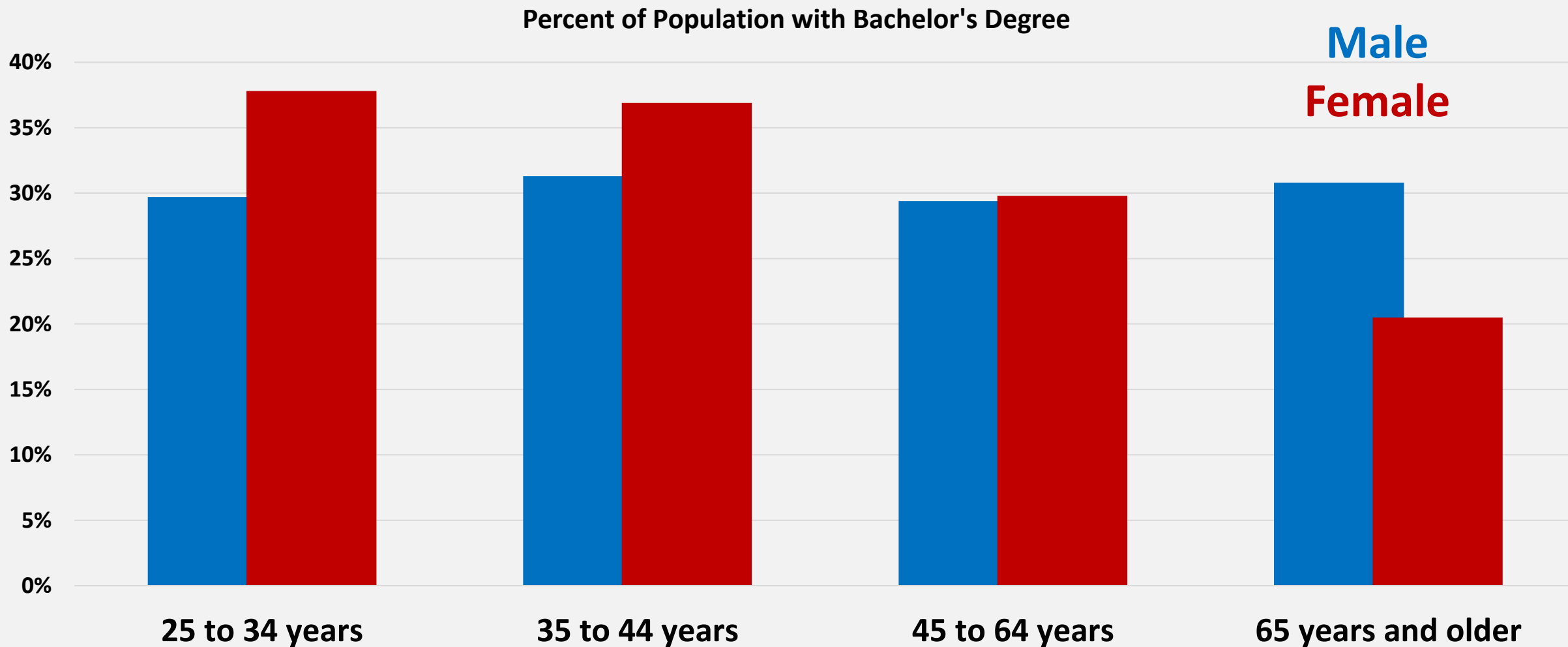
- Occupation choice
- Industry choice
- Education
- Experience
- Part-time work/ flexible scheduling
- Time out of workforce for family care

Women Slightly More Educated than Men

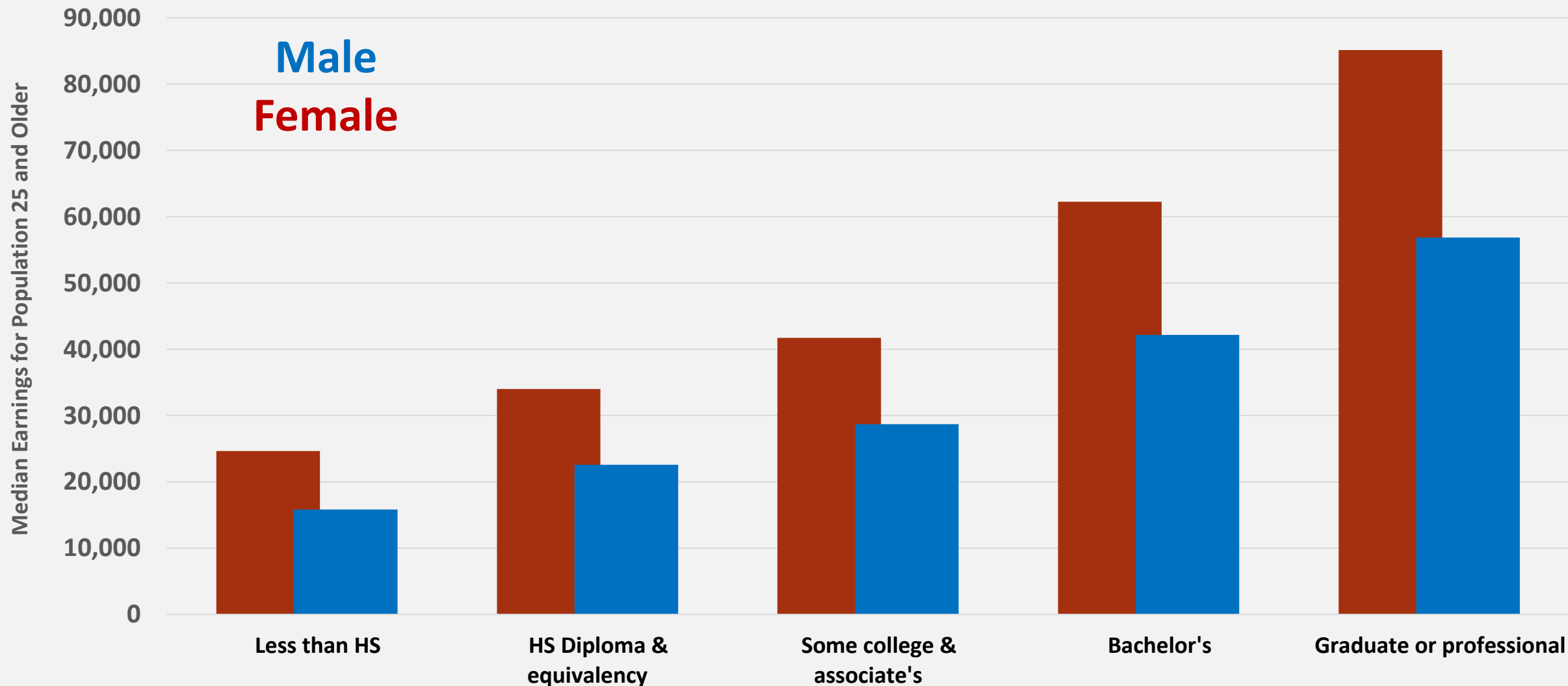
Educational Attainment for Population 25 and Older



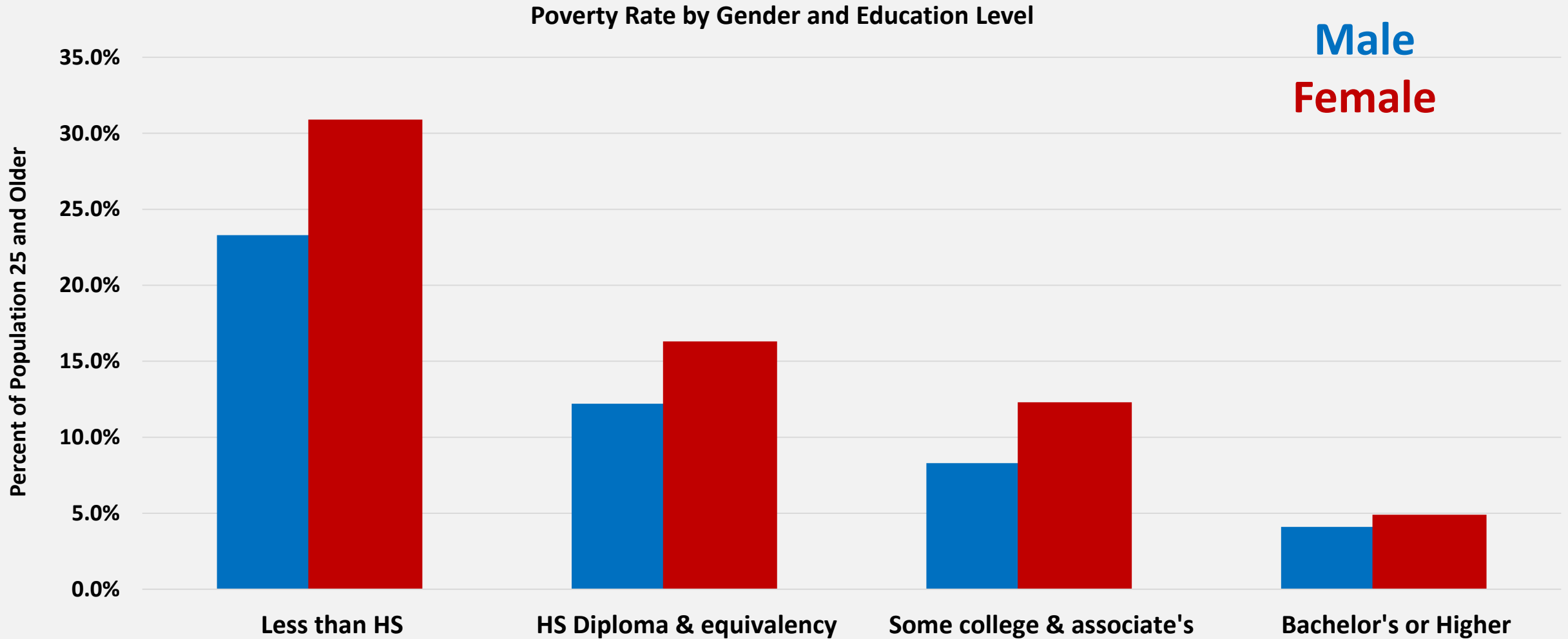
Women Becoming More Educated in Recent Generations



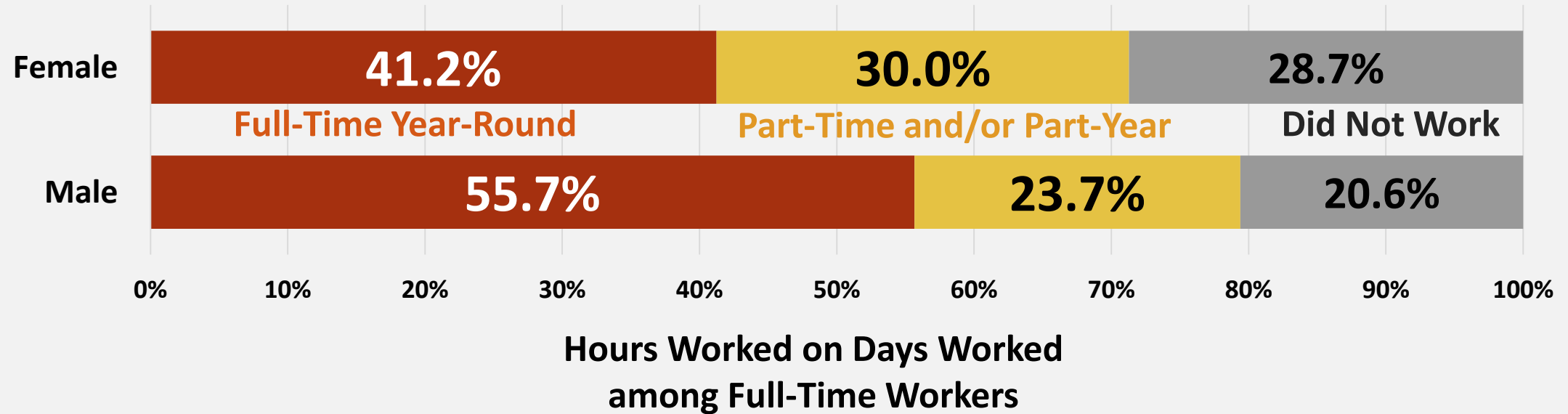
Women have Lower Median Earnings at All Education Levels



Women have Higher Poverty Rates at all Education Levels



Hours Worked



Men **Women**

9.0 hours **8.4 hours**

Hours Worked Caveats

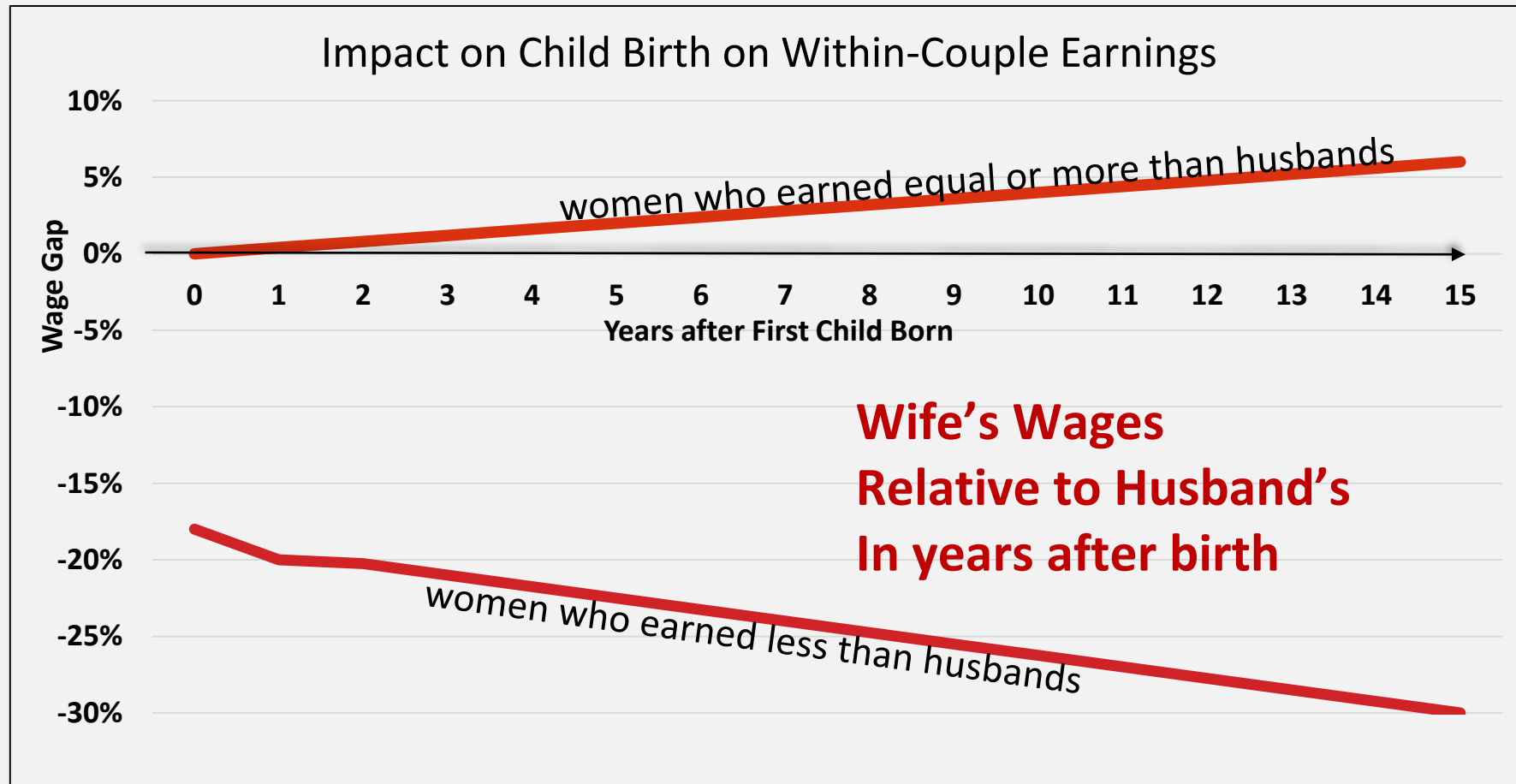
1. At the median, both men and women work 40 hours per week.
 1. Research suggests men more likely to over-report work; women over-report family care.
2. Women work less because they are paid less.

Motherhood Penalty

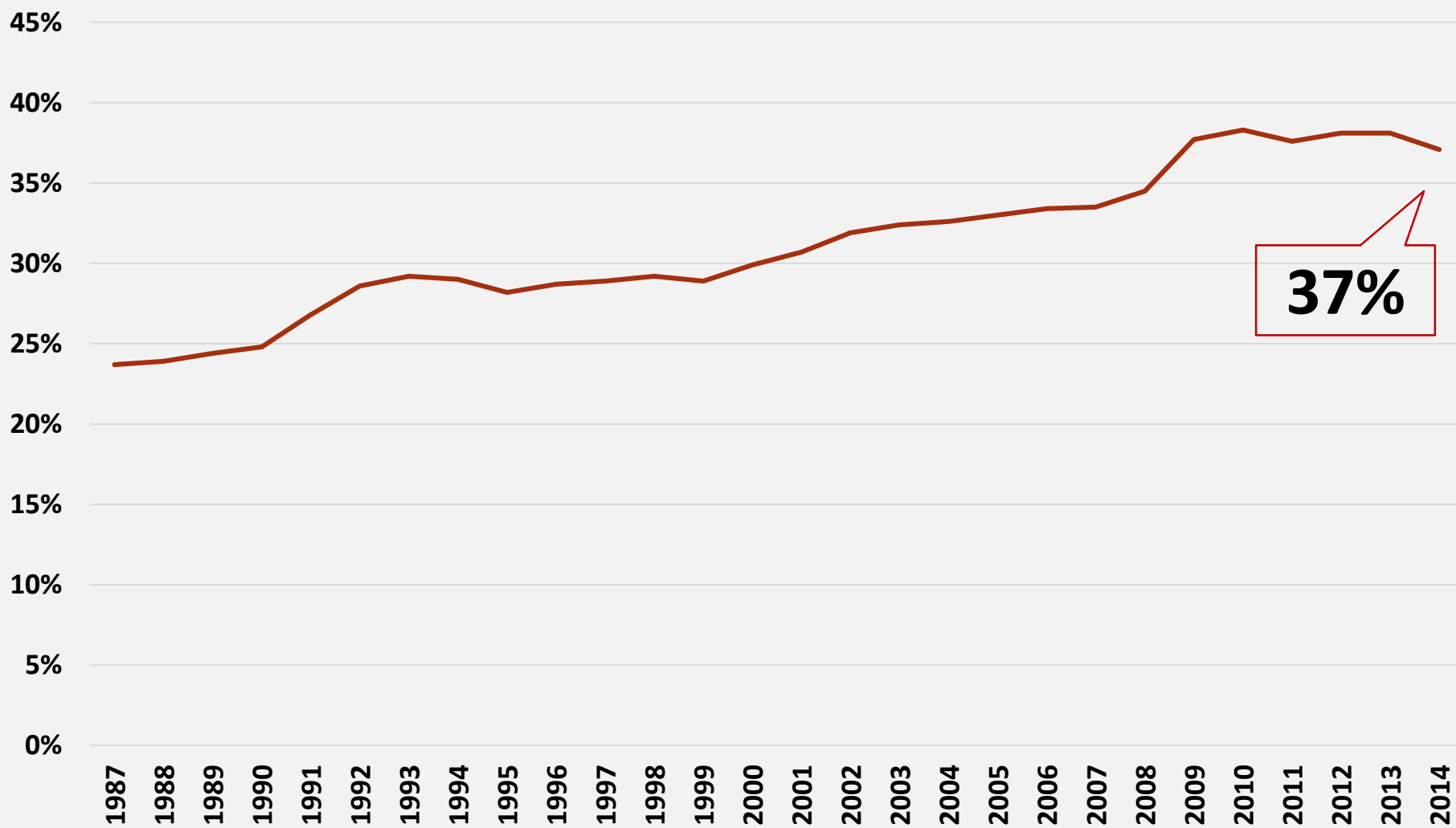
- Men's earnings increase with children; women's decrease.
- Long-term unemployed workers (6 months out of the workforce) take 20 years to catch up; mothers never catch up.

Economic Decisions on Parenthood

Lower-paid partner will take on more home responsibilities.



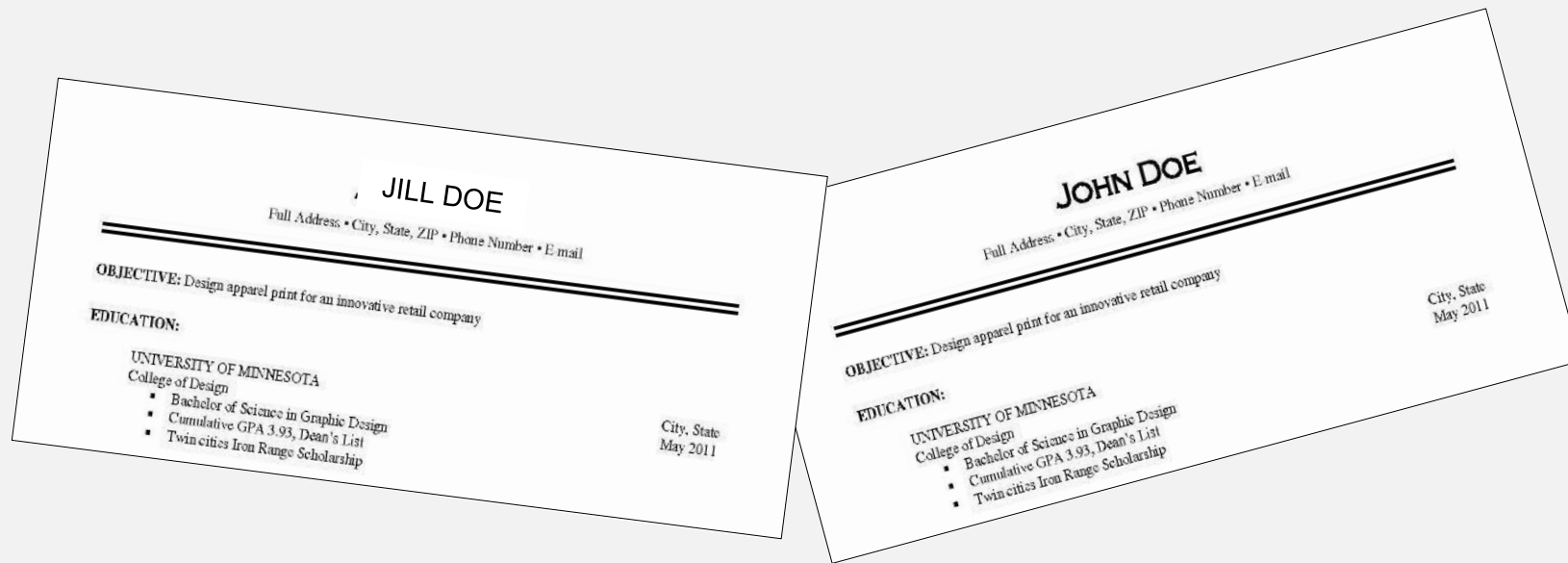
Percent of Families where the Wife is the Highest Earner



Resume Studies Suggest Women's Experience Discounted

Male and female pseudo-job seekers send similar resumes, but with different names.

1. Male receives more job offers.
2. Male receives higher starting salary offers.
3. Both male and female managers showed similar bias.



Experience Loss Explains Small Amount of Gap

Experience
3¢



And Some Other Stuff

Race, Union Status,
Education, Etc.



What's Left?

Unexplained Portion is about 9%,
varies from 5% to 15% depending on study

Discrimination?



Culture and Behavior Issues

- Negotiation (and retaliation for negotiation)
- Competitiveness
- Hiring bias
- Gender Roles

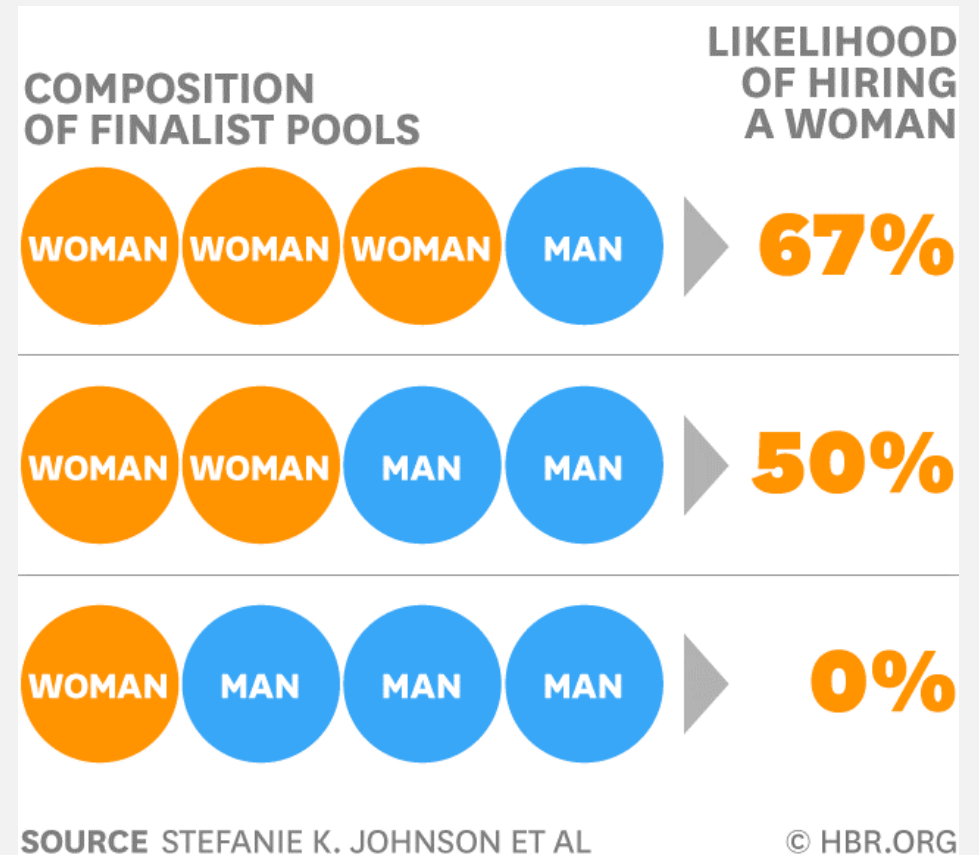
**Subtle and Subconscious
Bias by Both Men and
Women**

Developing a Corporate Culture of Equal Pay

- Successful diversity policies include:
 - Executive involvement
 - Sponsorship programs
 - Enforcement
- Pay gaps within the same business and same occupations are rare.
 - Different job titles with similar duties
 - Across companies with women at the low end of market

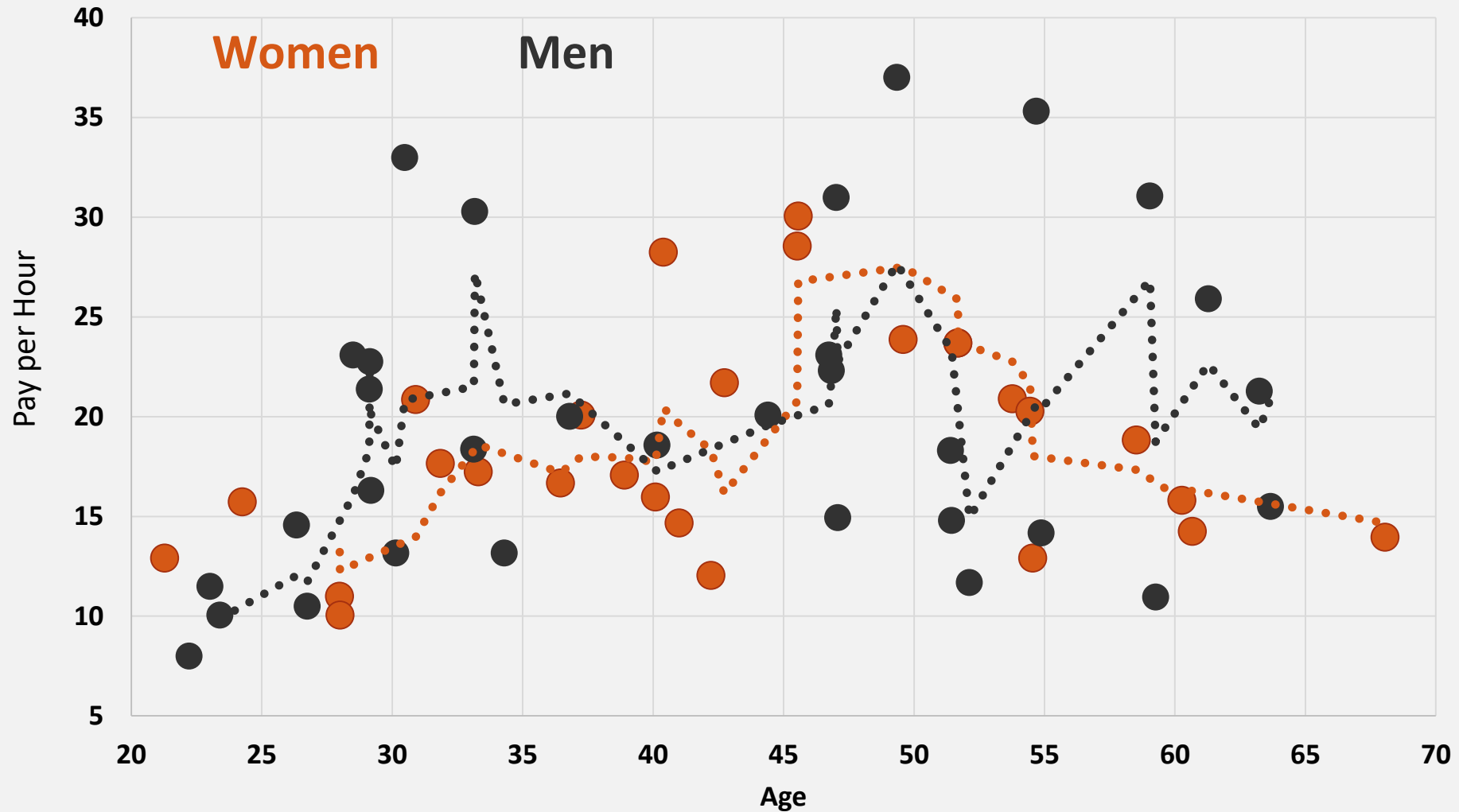
Hiring

- Post a wage range to help women apply and negotiate.
- Most people make hiring decisions within 15 seconds of the interview.
- Gender balanced interview
- Testing is less biased than interviews
- % women applicants and likelihood of hire



- Retention rates of men vs. women
 - Men switch jobs slightly more often than women
 - Women leaving often blamed on family, but usually its pay and lack of opportunity
- Compare wage levels to ranges published by Dept. of Labor & Industry

Make a Chart (Or Better Yet, a Pay Audit)



Conclusions

- Much of the wage gap can be explained by human capital factors.

There remains a gap.

- Research suggests cultural stereotypes of greater detriment than overt sexism.
- Culture changing more slowly than human capital factors.

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data and
presentations
available at

www.equalpay.mt.gov